DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
DIVISION OF HOUSING POLICY DEVELOPMENT
651 Bannon Street, Ste. 400
Sacramento, CA 95811
(916) 263-2911 / FAX (916) 263-7453
www.hcd.ca.gov

November 4, 2024

Brandon Phipps, Community and Economic Development Director
Community Development Department
City of Sausalito
420 Litho Street
Sausalito, CA 94965

Dear Brandon Phipps:

RE: City of Sausalito's 6th Cycle (2023-2031) Draft Amendment to the Housing Element

Thank you for submitting the City of Sausalito's (City) draft amendment to the housing element received for review on September 5, 2024. Pursuant to Government Code section 65585, subdivision (b), the California Department of Housing and Community Development (HCD) is reporting the results of its review. Our review was facilitated by a telephone conversation on October 15, 2024, with city staff and your consultant. In addition, HCD considered public comments from several individuals, pursuant to Government Code Section 65585, subdivision (c). Please see Attachment A.

On April 28, 2023, HCD found the City's housing element in substantial compliance with State Housing Element Law (Gov. Code, § 5580 et seq) and as of this writing, the adopted element continues to comply with State Housing Element Law. However, while the draft amendment continues to meet many statutory requirements revisions will be necessary to comply with State Housing Element Law (Gov. Code, § 65580 et seq), as follows:

1. *An inventory of land suitable and available for residential development, including vacant sites and sites having realistic and demonstrated potential for redevelopment during the planning period to meet the locality's housing need for a designated income level, and an analysis of the relationship of zoning and public facilities and services to these sites. (Gov. Code, § 65583, Subd. (a)(3).)*

   Suitability of Nonvacant Sites: Modifications have been made to the sites inventory to identify additional nonvacant sites needed to accommodate the City's Regional Housing Needs Allocation (RHNA). Sites 401 and 402 were added and others eliminated from the sites inventory with several other sites either increasing or decreasing in capacity (e.g., 23, 79, 81, 303). While the element provided a brief overview of these site changes; a full analysis must

address the extent that existing uses impede additional residential development, including analyzing existing leases; contracts or other conditions; current market demand for the existing uses; development trends; market conditions; and regulatory or other incentives or standards to encourage additional residential development on these sites.

Site 201 (Bridgeway Boulevard): HCD has received public comments regarding the reduction in capacity for Site 201 and concerns with potential downzoning from the existing housing element. It is also HCD's understanding that there are active project proposals in review for this site. The City should consider and discuss how these actions are consistent with efforts to facilitate the development of a variety of housing types in the City including the provision of housing affordable to low- and moderate-income households as these changes may render the proposed project infeasible.

Electronic Site Inventory: Pursuant to Government Code section 65583.3, subdivision (b), the City must utilize standards, forms, and definitions adopted by HCD when preparing the sites inventory and submit an electronic version of the sites inventory. While the City has submitted an electronic version of the sites inventory, since changes will occur, future re-adopted versions of the element must also submit the electronic version of the sites inventory.

2. *An analysis of potential and actual governmental constraints upon the maintenance, improvement, or development of housing for all income levels, including the types of housing identified in paragraph (1) of subdivision (c), and for persons with disabilities as identified in the analysis pursuant to paragraph (7), including land use controls, building codes and their enforcement, site improvements, fees and other exactions required of developers, and local processing and permit procedures… (Gov. Code, § 65583, subd. (a)(5).)*

   Address and, where appropriate and legally possible, remove governmental and nongovernmental constraints to the maintenance, improvement, and development of housing, including housing for all income levels and housing for persons with disabilities. The program shall remove constraints to, and provide reasonable accommodations for housing designed for, intended for occupancy by, or with supportive services for, persons with disabilities. (Gov. Code, § 65583, subd. (c)(3).)

   Housing Overlays: The element introduces additional overlays in order to facilitate residential development on new sites, particularly Sites 401 and 402. These overlays also include a component requiring a minimum of 85 percent residential. However, the element must be revised to include a discussion of the overlays. Specifically, the analysis should discuss the overlays' appropriateness and compatibility with the City's development standards and address any impacts

on cost, supply, housing choice, and affordability. For example, the element indicates that some sites have existing commercial components which will remain part of a new development. It is unclear whether the proposed overlays could accommodate the existing commercial. Programs may need to be modified based on a complete analysis.

Program 19 (Development Procedures Review): The element includes revisions to program timeframes and to account for ongoing implementation of the City's Objective Design and Development Standards (ODDS) framework. Please be advised, HCD is actively monitoring the progress of Program 19 and reminds the City that the ODDS should be reviewed and analyzed for their impacts as potential constraints on housing supply and affordability. Currently, the proposed timeline for adoption of the ODDS is May 2025. The revised element now proposes a staggered timeline based on the implementation of the rezones. Please note, rezones must be completed by January 31, 2026, including for sites subject to restrictions on existing voter initiatives. As you are aware, HCD has received public comments expressing concern over the feasibility of the proposed ODDS to facilitate development within the City. The City must demonstrate the ODDS process is not a constraint to the developmental and financial feasibility of development projects and that any required approval findings and decision-making criteria will improve development certainty and mitigate cost impacts during the planning period. When analyzing the ODDS, the City should consider impacts on both affordable and market rate projects and could consider typical projects that have been recently proposed in Marin County.

Please note, pursuant to the Housing Accountability Act, Government Code section 65589.5, subdivision (f)(1) states that while a local agency is not prohibited from requiring the housing development project to comply with objective, quantifiable, written development standards, conditions and policies shall be applied to facilitate and accommodate development at the density permitted on the site and proposed by the development.

In addition, it appears as if the City is no longer developing objective standards for the development of single-family housing. As many of the development proposals in the City are for this housing type, the element should include analysis to demonstrate the existing project approval processes are not a constraint on development or include additional programs to address development certainty.

Lastly, the housing element includes program language to review decision timelines for all applications, including remodels, since 2015 within one year of housing element adoption and to revise its permitting procedures within three months to ensure compliance with state law. As the revisions propose to delete

this language, the element should include information on how this action has been accomplished and what amendments to the permitting procedures have been made.

Public participation in the development, adoption and implementation of the housing element is essential to effective housing planning. Throughout the housing element process, the City should continue to engage the community, including organizations that represent lower-income and special needs households, by making information regularly available and considering and incorporating comments where appropriate. As noted in HCD's prior review, the City should employ additional methods for public outreach efforts in the future, particularly for lower-income and special needs households. Please be aware, any revisions to the element must be posted on the local government's website and to email a link to all individuals and organizations that have previously requested notices relating to the local government's housing element at least seven days before submitting to HCD.

Several federal, state, and regional funding programs consider housing element compliance as an eligibility or ranking criteria. For example, the CalTrans Senate Bill (SB) 1 Sustainable Communities grant, the Affordable Housing and Sustainable Communities program, and HCD's Permanent Local Housing Allocation consider housing element compliance and/or annual reporting requirements pursuant to Government Code section 65400. With a compliant housing element, the City meets housing element requirements for these and other funding sources.

HCD appreciates the hard work and diligence the City provided in the housing element update and welcomes the opportunity to discuss this review and assist with the remaining statutory requirements of State Housing Element Law. If you have any questions or need additional technical assistance, please contact Judith Hinh, of our staff, at Judith.Hinh@hcd.ca.gov.

Sincerely,



Melinda Coy
Proactive Housing Accountability Chief

Enclosure

ATTACHMENT A:

Austin Arensberg

Adriana Gil Bentley

Nils Bunger

Kevin Burke

Maria Chanley

Linda Fotsch

Jennifer Nimmo

Stacy Nimmo

Brian O’Neill

Helen Park

Joel Paul

Jennifer Silva

Rafa Sonnenfeld